

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 COME-00 EB-08 L-03 CIAE-00 INR-07

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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 4789

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 1653

E.O. 11652: N/A

TAGS : BEXP ESCI BR

SUBJECT : TECHNOLOGY TRANSFER REGULATIONS -- DATA GENERAL CORP

REF: STATE 67523

1. CONGEN RIO E/C OFFICERS CALLED ON RODRIGUES DE CARVALHO AT COBRA'S NEW HEADQUARTERS IN JACAREPAGUA, NEAR RIO, TO DISCUSS PROBLEMS ENCOUNTERED BY DATA GENERAL IN NEGOTIATIONS LAST DECEMBER OVER MINI-COMPUTER TECHNOLOGY. RODRIGUES WAS QUITE FRANK AND DISCUSSED IN DETAIL THE NEGOTIATIONS WITH DATA GENERAL -- NOTING AT THE ONSET THAT THE GOB-OWNED COBRA HAD RECENTLY SIGNED FOR A SIMILAR LINE OF TECHNOLOGY WITH SYCOR, INC., OF ANN ARBOR, MICHIGAN.

2. RODRIGUES SAID THAT DIFFICULTIES HAD BEEN ENCOUNTERED LONG BEFORE ANY QUESTION OF NORMATIVE ACT 15 (WHICH REQUIRES TECHNOLOGY TO BE EFFECTIVELY TRANSFERRED AT THE END OF 5-YEAR PERIOD, WITH BRAZILIAN BUYER OWNING THE "EVOLVED" TECHNOLOGY CURRENT AT THE END OF PERIOD) CAME UP. DATA GENERAL HAD WANTED COBRA TO BUY "PACKAGE" INCLUDING PERIPHERAL EQUIPMENT, CENTRAL PROCESSORS (CPU'S), AND SOFTWARE. COBRA WANTED PARTICULARLY TO BE ABLE TO BUY WHATEVER DISC DRIVES, LIMITED OFFICIAL USE

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PRINTERS, CATHODE TERMINALS, ETC., IT WANTED; HE SAID DATA GENERAL'S PERIPHERALS WERE "AMONG THE MOST EXPENSIVE IN THE US MARKET."

3. ON WHETHER THE NEGOTIATIONS COULD HAVE BROKEN DOWN EVENTUALLY OVER TERMS OF TRANSFER IN 5 YEARS, RODRIGUES SAID THAT HE HAD BEEN PREPARED TO NEGOTIATE FLEXIBLY, EVEN STATING THAT

IT MIGHT BE POSSIBLE TO "CHANGE THE LEGISLATION" TO PERMIT DATA GENERAL'S NON-BRAZILIAN SOFTWARE DEVELOPMENT TO BE EXEMPTED. (COMMENT: THIS LATTER SUGGESTION IS NOTEWORTHY, SINCE IT IMPLIES A KIND OF FLEXIBILITY THAT WE ASSUME EXISTS WITHIN THE BRAZILIAN BUSINESS/GOVERNMENT ENVIRONMENT -- BUT FOR WHICH WE HAVE FEW CONCRETE EXAMPLES. NORMATIVE ACT 15 IS THEREBY A MUCH LESS FEARSOME REGULATION.)

4. RODRIGUES OBSERVED THAT COBRA IS STILL A SMALL UNDERTAKING, AND HE FELT THE DISPARITY BETWEEN THE LARGE DATA GENERAL (AND ITS RELATIVE INDIFFERENCE TO THE BRAZILIAN MARKET) AND COBRA HAD MEANT DATA GENERAL HAD BEEN UNABLE TO GET TOP-MANAGEMENT ACTION ON COBRA'S PROJECT. HE SAID COBRA WAS MUCH HAPPIER WITH ITS NEGOTIATIONS WITH THE SMALLER SYDOR, FOR WHOM THE BRAZILIAN MARKET WAS MORE THAN "A DROP IN THE BUCKET."

5. RODRIGUES SUPPLIED CONSIDERABLY MORE INFORMATION ON COBRA, AND WE WILL TRANSMIT A FULL REPORT BY AIRGRAM.

6. COMMERCIAL COUNSELOR IN SAO PAULO CONCURS.
DEXTER

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 07-Apr-1977 12:00:00 am
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